PATH FAQs

[as of March 24, 2016] The Protecting Americans from Tax Hikes Act of 2015 (PATH) retroactively extends through tax year 2015 provisions that expired. This document provides information on Indiana's conformity to PATH and related impacts on 2015 state returns.

On March 24, 2016, Governor Pence signed Public Law 204-2016 into law. Section 15 of Public Law 204-2016 updates Indiana's conformity date of the Internal Revenue Code to January 1, 2016. For purposes of 2015 state returns, Indiana conforms to PATH provisions.

Indiana IRC Conformity Date: 01/01/2016

- Indiana currently conforms to PATH provisions and they are allowed on state returns.
- Indiana will require taxpayers to amend returns to take advantage of PATH benefits if they previously filed their 2015 state returns as if Indiana had not conformed to PATH.

1. PATH extends the provision for increased Section 179 expense limit of $500,000 with threshold of $2,000,000. Does the state conform to this provision?

Indiana does not conform with the increased Section 179 expense limit. That limit is capped at $25,000. However, the phaseout begins at $2,000,000.

2. PATH extends the provision which allows Section 179 expense to be taken on certain real property. Does the state conform to this provision?

Indiana conforms with that provision.

3. PATH extends the 50% bonus depreciation for a qualified property placed in service during 2015. Does the state conform to this provision? If not, how should the difference be reported in the state return?

Indiana does not conform with that provision. For Indiana purposes, a separate depreciation schedule for Indiana using federal law without the bonus depreciation would be computed. The amount of the federal depreciation deduction minus the Indiana depreciation deduction would be computed and the amount (either positive or negative) would be listed on the "Bonus depreciation add-back" line. In the case of property sold by a taxpayer, the remaining amount of the federal depreciation deduction claimed for all years minus the depreciation deduction computed for Indiana purposes would be permitted as a deduction.

4. PATH extends the 15-year straight line cost recovery for qualified leasehold improvements and restaurant buildings. Does the state conform to this provision? If not, how should the difference be reported in the state return?

Indiana conforms to that provision.

5. PATH extends the provision which allows an accelerated depreciation for business property on an Indian reservation. Does the state conform to this provision? If not, how should the difference be reported in the state return?

Indiana conforms to that provision.

6. PATH extends the deductibility of State and local general sales taxes. Does the state conform to this provision? If not, how should the difference be reported in the state return?

Indiana does not conform to this provision because the deduction is an itemized deduction. The individual income tax computation starts with adjusted gross income.

7. PATH extends the deductibility for mortgage insurance premiums. Does the state conform to this provision? If not, how should the difference be reported in the state return?

Indiana does not conform to this provision because the deduction is an itemized deduction. The individual income tax computation starts with adjusted gross income.

8. PATH extends the above-the-line deduction for qualified tuition and related expenses. Does the state conform to this provision?

Indiana conforms to that provision.

9. PATH extends the deductibility of certain expenses of elementary and secondary school teachers not in excess of $250. Does the state conform to this provision?

Indiana conforms to that provision.

10. PATH extends the exclusion of discharge of qualified principal residence indebtedness for discharges before January 1, 2015 from gross income. Does the state conform to this provision? If not, how should the difference be reported in the state return?

Indiana does not conform to that provision. The addback of the exclusion would be listed with Code 117.

11. PATH extends the tax-free distributions from IRAs where the distributions are donated to charity. Does the state conform to this provision? If not, how should the difference be reported in the state return?

Indiana conforms to that provision

12. PATH permanently extends the charitable deduction for contributions of real property for conservation purposes. Does the state conform to this provision? If not, how should the difference be reported in the state return?

Indiana does not conform to this provision because the deduction is an itemized deduction. The individual income tax computation starts with adjusted gross income.

13. PATH extends the exclusion of 100% of gain on certain small business stock. Does the state conform to this provision? If not, how should the difference be reported in the state return?

Indiana conforms to that provision.

14. PATH expands the definition of qualified higher education expenses for which tax-preferred distributions from 529 accounts are eligible to include the 2009/2010 computer equipment and technology rule. Does the state conform to this provision?

Indiana conforms to that provision.